Fiscal Reforms for States

33. SHRI KRIPAL PARMAR:
SHRI B.J. PANDA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the world Bank has laid down certain guidelines on fiscal reforms for States and the Centre to achieve development goals;

(b) if so, the details thereof;

(c) whether it is also a fact that our States are among the most indebted in the world; and

(d) if so, what is the action plan of Government to rein in the States to help them to reduce their deficit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (c) No Sir.

(b) Does not arise.

(d) As a follow up of the 11th Finance Commission, States were encouraged to draw up Medium Term Fiscal Reforms Programme which aimed, *inter alia,* at fiscal consolidation, power sector reforms and public sector enterprise reforms. Govt, of India also formulated a Debt Swap Scheme for the years 2002-03 to 2004-05 to provide interest relief to the States on their 'high cost debt'.

Change in rate of interest on provident fund

34. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Government have not been able to change the rate of interest on provident fund belonging to State agencies and public institutions;

(b) if so, the reasons therefor;

(c) what is the provisional rate of interest being allowed at present; and

(d) by when a final decision in the matter is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (d) The rate of interest on Employees' Provident Fund (EPF) accumulations is fixed by Government on the basis of the recommendation of the Central Board of Trustees of EPF (CBT). CBT has recommended an interim rate of 8.5% for the year 2004-05. The CBT has not recommended a final rate of interest for 2004-05 to the Government.

Permission to Private Provident Fund Trusts to tap equity markets

35. SHRIMATI SUKHBUNS KAUR:
SHRIDATTAMEGHE:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to allow Private Provident Fund Trusts to tap equity markets and corporate debt for the benefit of the workers;

(b) if so, the details of the scheme; and

(c) the steps taken/proposed to be taken to secure and promote the interests of the workers and to shield it against risks of equity trading?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The pattern of investment has been revised with a view to providing wider avenues for investment by Non-government Provident Funds, Superannuation Funds and Gratuity Funds. As per the revised pattern, which is effective from 1.4.2005, an amount upto 5% of the total portfolio has been allowed to be invested in shares of those companies that have an investment grade debt rating from two credit rating agencies and upto 10% in debt instruments bearing investment grade rating and/or equity-linked schemes of mutual funds regulated by the Securities and Exchange Board of India.